

**EXECUTIVE SECRETARIAT**  
**ROUTING SLIP**

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Remarks

cc: DCI/SA/IA

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Executive Secretary  
8/14/84  
Date  
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OFFICE OF THE SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

August 13, 1984

Executive Registry

84 - 306962

~~UNCLASSIFIED~~

(With ~~Classified~~ Attachment)

MEMORANDUM FOR THE VICE PRESIDENT  
THE SECRETARY OF STATE  
THE SECRETARY OF DEFENSE  
THE ATTORNEY GENERAL  
THE SECRETARY OF COMMERCE  
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET  
DIRECTOR OF CENTRAL INTELLIGENCE  
UNITED STATES TRADE REPRESENTATIVE  
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY  
AFFAIRS  
CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS

SUBJECT Senior Interdepartmental Group on  
International Economic Policy

Attached are the minutes of the SIG-IEP meeting held on  
July 30, 1984.

Christopher Hicks  
Executive Secretary and  
Executive Assistant to the Secretary

Attachment

~~UNCLASSIFIED~~

(With ~~Confidential~~ Attachment)

## SENIOR INTERDEPARTMENTAL GROUP ON INTERNATIONAL ECONOMIC POLICY

July 30, 1984  
4:00 p.m.  
Roosevelt Room

## Attendees:

Treasury

Secretary Regan, Chairman  
David C. Mulford  
Margery Waxman  
Ronald E. Myers

Commerce

Lionel H. Olmer

CIA

Maurice Ernst

OVP

Donald Gregg

NSC

Don Fortier

State

W. Allen Wallis  
Davis Robinson

CEA

William A. Niskanen

Defense

Richard Perle  
George Folsum

OMB

Joseph Wright  
Alton G. Keel

Justice

David L. Jensen  
Jay B. Stephens

USTR

William Triplett

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Extraterritoriality

Under Secretary of State Wallis introduced extraterritoriality. The working group he chaired consisted of regulatory and enforcement agencies directly concerned with the question of extraterritoriality, plus OMB and Commerce. The working group reached basic agreement on an approach to extraterritoriality in March which served as the basis for successful discussion of the issue in subsequent OECD meetings and the London Summit. The United States is currently discussing a Memorandum of Understanding with the United Kingdom utilizing the principles outlined in the Under Secretaries' report.

Mr. Wallis summarized the report's proposals and noted Secretary Shultz' request that it be forwarded to the President, with or without accompanying dissensions. Secretary Shultz would like the President, if he approves, to forward letters, including the proposed guidelines, to the enforcement, regulatory and independent agencies. Mr. Wallis requested that, for diplomatic reasons, the letter not be published.

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In response to the Chairman's request for agency views, Assistant Attorney General Jensen asked that the words "international law" be dropped from the bottom of page 3 of the report since he did not believe that it is a basis for addressing extraterritoriality. He also expressed concern about footnote 3 on page 4 which said in part that consultations with State should occur in the event of "significant statements of official U.S. views on extraterritoriality or conflicting requirements, the requirements of international law or comity in such matters, or foreign governments interests or positions regarding that." He thought the language was too broad and questioned whether it would mean that speeches by the Attorney General dealing with international law must be cleared by the State Department.

Mr. Wallis responded that the footnote itself emphasized that extraterritorial consultation provisions would not be expected in the course of "routine business." Mr. Robinson of the State Department emphasized that it is the responsibility of the agency to decide if potential extraterritorial problems existed and that the proposals in no way seek to impinge on the prerogatives and decision making authority of individual agencies. Rather, it relies on the good faith of agencies to alert State Department if they believe extraterritoriality controversy will arise from impending action.

Under Secretary Olmer of Commerce urged that other countries not be permitted to develop unduly high expectations regarding the extraterritorial procedures. He believed that the British, for example, appreciate advance consultations but recognize that the proposed procedures would not lead to changes in underlying policies. In his view, the guidelines should be applied generically, and not circumscribe agencies' ongoing responsibilities. Commerce Department does not expect to utilize the consultation mechanism of every decision it makes. He recognized that there are different ideas regarding the triggering of extraterritorial consultations and that the report cannot spell out each case. It will require the good faith effort of all agencies.

In response to questions from Defense Assistant Secretary Perle regarding consultations for decisions on, for example, munitions exports, Mr. Wallis said he did not expect that this would normally occur. The intent is not to intervene in agencies' operations or to revise their existing powers and prerogatives, but rather to help State Department smooth out bilateral relations.

Mr. Perle asked whether State would be consulted prior to taking action on CoCOM exports to third countries. Mr. Wallis indicated that State would like to be notified but would not delay or interrupt agencies' actions. He noted that under the

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proposals State cannot talk to other governments without the approval of U.S. agencies. Mr. Perle asked who would be the State designee on this issue and also inquired as to the definition of "coordination" used in the report. After extended discussion, it was agreed to revise the text of the report, to replace the words "coordination" and "coordinating" with "consultations," etc. Regarding a designee, Mr. Wallis said that no person had yet been selected but that in any case, the designee's role would not be to say "yes" or "no" but rather how best to explain the agency action to the foreign government. Mr. Perle urged that the process not be too complex or suggest any hesitation on the U.S. part to pursue its interests. Mr. Olmer concurred with Mr. Perle that there should be no hint of apology as we pursue U.S. interests.

Mr. Jensen returned to the issue of footnote 3 on page 4, reiterating his concern that domestic speeches and policy statements might require State Department clearance. Chairman Regan noted the example of how economic policy statements for a period were coordinated amongst Treasury, CEA and OMB. While there was no censorship, the system did lead to a better understanding. Chairman Regan interpreted footnote 3 as assuming that only major statements of U.S. policy, with a direct impact on U.S. foreign relations, would be forwarded to the Secretary of State. Mr. Wallis agreed, noting that a recent speech by the Secretary of State on extraterritoriality had been forwarded to the Justice Department for its comments prior to delivery. It was agreed to insert the concept at the end of footnote 3 into the body of the report.

Mr. Perle questioned whether we should be making such friendly gestures of prior consultations with adversaries and whether the report should put in language about "reciprocity." Mr. Robinson responded that the concept of reciprocity was avoided in order not to give foreign governments legal rights to contest extraterritoriality actions because of perceived inadequate consultations. After some discussion, Mr. Wallis asked Mr. Robinson to review the report and include language conveying the concept of "mutuality of treatment."

Secretary Regan concluded by requesting the State Department to revise the Under Secretaries' Group report along the lines of the discussion and circulate it to the SIG-IEP agencies. Following their approval, the report will be forwarded to the NSC and on to the President.

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